

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2622

**Introduced by Assembly Member Nazarian
(Coauthor: Assembly Member Ting)**

February 19, 2016

An act to amend Sections 401.17, 441, and 1153.5 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2622, as amended, Nazarian. Property taxation: certificated aircraft assessment.

Existing property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Existing law, for the 2005–06 fiscal year to the 2016–17 fiscal year, inclusive, specifies a formula to determine the fair market value of certificated aircraft of a commercial air carrier, and rebuttably presumes that the amount determined pursuant to this formula is the fair market value of the certificated aircraft.

This bill would extend the 2016–17 fiscal year termination date to the 2019–20 fiscal year for the above-described provisions relating to the determination of the fair market value and taxation of certificated aircraft.

Existing law, until December 31, 2016, requires the Aircraft Advisory Subcommittee of the California Assessors' Association to designate, after soliciting input from commercial air carriers operating in the state, a lead county assessor's office for each commercial air carrier

operating certificated aircraft in this state in an assessment year, and requires the lead county assessor to calculate the value of the air carrier's personal property and to transmit these calculations to other county assessors, but specifies that each county assessor is responsible for assessing and enrolling the taxable value of the property in his or her county, as provided. Existing law, until December 31, 2016, also requires the lead county assessor's office to lead a team to audit the books and records of commercial air carriers and requires a commercial air carrier that receives a notice of the designation of a lead county assessor's office to file one signed property statement with the lead county assessor's office for its personal property at all airport locations and fixtures at all airport locations. Existing law requires the lead county assessor's office to receive the property statement of each commercial air carrier to which he or she is assigned.

This bill would extend the December 31, 2016, inoperative or repeal date to December 31, 2019, for the above-described provisions. The bill, on or before March 1, 2017, would additionally require the Aircraft Advisory Subcommittee of the California Assessors' Association to designate contacts in each lead county assessor's office for each commercial air carrier to address specified issues, and to establish best practices for the effective administration of the lead county system, audit process, and methods to evaluate converted freighters. The bill would require the lead county assessor's office to transmit the property statement to the assessor of each county in which the personal property of the commercial air carrier is located or has acquired situs, including certificated aircraft. The bill would require a county assessor that receives a property statement from the lead county assessor's office to direct questions about the contents of the property statement first to the lead county assessor's office and then, if the lead county assessor's office is unable to provide an answer, to the commercial air carrier that filed the property statement.

By extending the application of the aforementioned valuation process for certificated aircraft beyond the 2016–17 fiscal year, thereby imposing new duties upon a lead county assessor's office, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~Existing property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Existing law, for the 2005–06 fiscal year to the 2016–17 fiscal year, inclusive, specifies a formula to determine the fair market value of certificated aircraft of a commercial air carrier, and rebuttably presumes that the amount determined pursuant to this formula is the fair market value of the certificated aircraft. Existing law further requires, until December 31, 2016, the Aircraft Advisory Subcommittee of the California Assessors’ Association to designate, after soliciting input from commercial air carriers operating in the state, a lead county assessor’s office for each commercial air carrier operating certificated aircraft in this state in an assessment year, and requires the lead county assessor to calculate the value of the air carrier’s personal property and to transmit these calculations to other county assessors, but specifies that each county assessor is responsible for assessing and enrolling the taxable value of the property in his or her county, as provided. Existing law also requires, until December 31, 2016, the lead county assessor’s office to lead a team to audit the books and records of commercial air carriers and authorizes these air carriers to file a property statement solely with the lead county assessor’s office, as provided.~~

~~This bill would state the intent of the Legislature to enact legislation amending the provisions regarding the assessment of certificated aircraft described above.~~

~~Vote: majority. Appropriation: no. Fiscal committee: no-yes.~~
~~State-mandated local program: no-yes.~~

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 401.17 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 401.17. (a) For the 2005–06 fiscal year to the ~~2016–17~~
- 4 2019–20 fiscal year, inclusive, it shall be rebuttably presumed that
- 5 the preallocated fair market value of each make, model, and series
- 6 of mainline jets, production freighters, and regional aircraft that

1 has attained situs within this state is the lesser of the sum total of
2 the amounts determined under paragraph (1) or the sum total of
3 the amounts determined under paragraph (2). The value of an
4 individual aircraft assessed to the original owner of that aircraft
5 shall not exceed its original cost from the manufacturer. The
6 preallocated fair market value of an aircraft may be rebutted by
7 evidence including, but not limited to, appraisals, invoices, and
8 expert testimony.

9 (1) (A) The original cost for the aircraft, which shall be
10 determined as follows and adjusted, as applicable, under
11 subparagraphs (B), (C), and (D):

12 (i) For owned and leased aircraft, the taxpayer's or lessor's
13 acquisition cost for that individual aircraft reported in accordance
14 with generally accepted accounting principles, and to the extent
15 not included in the acquisition cost, transportation costs and
16 capitalized interest and the cost of improvements made before a
17 transaction described in clause (ii). If the original cost for leased
18 aircraft cannot be determined from information reasonably
19 available to the taxpayer, original cost may be determined by
20 reference to the "average new prices" column of the Airliner Price
21 Guide for that model, series, and year of manufacture of aircraft.
22 If information is not available in the "average new prices" column
23 for that model, series, and year, the original cost may be determined
24 using the best indicator of original cost plus all conversion costs
25 and improvement costs incurred for that aircraft.

26 (ii) For sale/leaseback or assignment of purchase rights
27 transaction aircraft, the average of the taxpayer's cost established
28 pursuant to clause (i) and the cost established in a sale/leaseback
29 or assignment of purchase rights transaction for individual aircraft
30 that transfers the benefits and burdens of ownership to the lessor
31 for United States federal income tax purposes. In no event shall
32 the original cost for sale/leaseback aircraft be less than the
33 taxpayer's acquisition cost.

34 (iii) In the event of a merger, bankruptcy, or change in
35 accounting methods by the reporting airline, there shall be a
36 rebuttable presumption that the cost of the individual aircraft and
37 the acquisition date reported by the acquired company, if available,
38 or the cost reported prior to the change in accounting method, are
39 the original cost and the applicable acquisition date.

1 (B) (i) For mainline jets and production freighters, the original
2 cost described in subparagraph (A), plus the cost of any
3 improvements not otherwise included in the original cost, shall be
4 adjusted from the date of the acquisition of the aircraft to the lien
5 date using the monthly United States Department of Labor
6 Producer Price Index for aircraft and a 20-year straight-line
7 percent-good table starting from the delivery date of the aircraft
8 to the current owner or, in the case of a sale/leaseback or
9 assignment of purchase rights transaction, as described in this
10 section, the current operator with a minimum combined factor of
11 25 percent.

12 (ii) For regional aircraft, the original cost described in
13 subparagraph (A), plus the cost of any improvements not otherwise
14 included in the original cost, shall be adjusted from the date of the
15 acquisition of the aircraft to the lien date using the monthly United
16 States Department of Labor Producer Price Index for aircraft and
17 a 16-year straight-line percent-good table starting from the delivery
18 date of the aircraft to the current owner or, in the case of a
19 sale/leaseback or assignment of purchase rights transaction, as
20 described in this section, the current operator with a minimum
21 combined factor of 25 percent.

22 (iii) If original cost is determined by reference to the Airliner
23 Price Guide “average new prices” column, the adjustments required
24 by this paragraph shall be made by setting the acquisition date of
25 the aircraft to be the date of the aircraft’s manufacture.

26 (C) (i) For mainline jets and regional aircraft, the assessor shall
27 analyze the adjusted original cost derived pursuant to subparagraph
28 (B), for application of an economic obsolescence allowance which
29 shall be determined as follows:

30 (I) For the applicable year, the assessor shall calculate the
31 average annual net revenue per available seat mile, the net load
32 factor, and the yield utilizing the Airline Quarterly Financial
33 Review published by the United States Department of
34 Transportation, and referring to the section descriptive of the
35 passenger airline industry, entitled “System Operations, System
36 Pax. Majors” for the calendar year ending December 31
37 immediately preceding the applicable assessment date.

38 (II) For a 10-year benchmark, the assessor shall calculate as of
39 December 31 for each of the 10 calendar years preceding the
40 applicable year, the average annual net revenue per available seat

1 mile, the net load factor, and the yield utilizing the Airline
2 Quarterly Financial Review published by the United States
3 Department of Transportation, and referring to the section
4 descriptive of the passenger airline industry, entitled “System
5 Operations, System Pax. Majors” for the calendar year ending
6 December 31 immediately preceding the applicable assessment
7 date.

8 (ii) (I) The assessor shall compare each factor calculated under
9 subclause (I) of clause (i) with the corresponding factor calculated
10 under subclause (II) of clause (i) to derive the percentage that each
11 of the factors calculated under subclause (I) of clause (i) deviated
12 from the 10-year benchmark calculated under subclause (II) of
13 clause (i). The assessor shall then calculate a weighted average of
14 the indicated percentage adjustments, weighted as follows:

15 ~~(aa)~~

16 (ia) Net revenue per available seat mile shall be weighted 35
17 percent.

18 ~~(ab)~~

19 (ib) Net load factor shall be weighted 35 percent.

20 ~~(ac)~~

21 (ic) Yield shall be weighted 30 percent.

22 (II) The assessor shall reduce the adjusted original costs derived
23 under subparagraph (B) by the percentage adjustment calculated
24 in subclause (I), but only if the final economic obsolescence
25 determined under that subclause exceeds 10 percent, otherwise no
26 economic obsolescence allowance shall be provided.

27 (D) (i) For production freighters, the assessor shall analyze the
28 adjusted original cost derived under subparagraph (B), for
29 application of an economic obsolescence allowance, as follows:

30 (I) For the applicable year, the assessor shall calculate the
31 industry average of net revenue per available ton mile and the ton
32 load factor based upon the Airline Quarterly Financial Review
33 published by the United States Department of Transportation, and
34 referring to the section descriptive of the cargo airline industry,
35 entitled “System Operations, System Cargo Majors” for the
36 calendar year ending December 31 preceding the relevant
37 assessment date.

38 (II) For a 10-year benchmark, the assessor shall calculate as of
39 December 31 for each of the 10 calendar years preceding the
40 applicable year, the net revenue per available ton mile and the ton

1 load factor utilizing the Airline Quarterly Financial Review
2 published by the United States Department of Transportation and
3 referring to the section descriptive of the cargo airline industry,
4 entitled “System Operations, System Cargo Majors” as of
5 December 31 for each of the 10 calendar years preceding the
6 calendar year utilized for the subject year, for the calendar year
7 ending December 31 immediately preceding the applicable
8 assessment date.

9 (ii) (I) The assessor shall compare each factor calculated under
10 subclause (I) of clause (i) with the corresponding factor calculated
11 under subclause (II) of clause (i) to derive the percentage that each
12 of the factors calculated under subclause (I) of clause (i) deviated
13 from the 10-year benchmark calculated under subclause (II) of
14 clause (i). The assessor shall then calculate a weighted average of
15 the indicated percentage adjustments so that the net revenue per
16 available ton mile is weighted 50 percent and the ton load factor
17 is weighted 50 percent.

18 (II) The assessor shall reduce the adjusted original costs derived
19 under subparagraph (B) by the percentage adjustment calculated
20 in subclause (I), but only if the final economic obsolescence
21 determined under that subclause exceeds 10 percent, otherwise no
22 economic obsolescence allowance shall be provided.

23 (2) (A) Except as otherwise provided in subparagraph (B), for
24 each individual mainline jet, production freighter, or regional
25 aircraft, the assessor shall identify the value referenced in the “Used
26 Price of Avg. Acft. Wholesale” column of the Winter edition of
27 the Airliner Price Guide by make, model, series, and year of
28 manufacture, and deduct 10 percent from that value for a fleet
29 discount.

30 (B) For each individual mainline jet, production freighter, or
31 regional aircraft that is less than two years old and for which the
32 Airliner Price Guide does not list used wholesale values, the
33 original cost determined under paragraph (1) of subparagraph (A)
34 shall be decreased by the lesser of 5 percent or one-half of the
35 percentage decrease between original cost and 90 percent of the
36 value listed in the “Used Price of Avg. Acft. Wholesale” column
37 of the Winter edition of the Airliner Price Guide for a two-year-old
38 aircraft of that same make, model, and series.

39 (b) For the 2005–06 fiscal year to the ~~2016–17~~ 2019–20 fiscal
40 year, inclusive, it shall be rebuttably presumed that the preallocated

1 fair market value for each make, model, and series of converted
2 freighters that has attained situs within this state is the amount that
3 is determined as follows:

4 (1) (A) The assessor shall begin his or her appraisal of a
5 converted freighter as of the relevant lien date by identifying the
6 aircraft's original cost as a passenger aircraft prior to conversion.
7 The aircraft's original cost as a converted freighter shall be the
8 lesser of:

9 (i) Its trended original cost as a passenger aircraft prior to
10 conversion, less a downward adjustment of 10 percent to reflect
11 tear-outs.

12 (ii) Its value described in the Winter edition of the Airliner Price
13 Guide in the "Used Price of Avg. Acft. Wholesale" column in
14 passenger configuration, less a downward adjustment of 10 percent
15 to reflect tear-outs.

16 (B) The amount determined under subparagraph (A) shall be
17 adjusted according to the following:

18 (i) If, on the relevant lien date, the frame of the aircraft is 15
19 years old or more, 50 percent of the cost to convert the aircraft to
20 a freighter shall be added to the value determined under
21 subparagraph (A).

22 (ii) If, on the relevant lien date, the frame of the aircraft is less
23 than 15 years old, 75 percent of the cost to convert the aircraft to
24 a freighter shall be added to the value determined under
25 subparagraph (A).

26 (iii) In addition, all other improvements, including capitalized
27 interest, to the aircraft that are not otherwise included in the
28 aircraft's original and conversion costs shall be added at full value.

29 (2) The amount determined under paragraph (1) shall be adjusted
30 from the date of the conversion of the aircraft to the lien date using
31 the monthly United States Department of Labor Producer Price
32 Index for aircraft and a 16-year straight-line percent-good table,
33 however, the percent-good applied to the aircraft shall in no event
34 be less than 15 percent.

35 (3) If the Airliner Price Guide "Used Price of Avg. Acft.
36 Wholesale" is utilized under paragraph (1), only the improvements
37 and adjusted conversion costs pertaining to the converted freighter
38 shall be adjusted from the date of the conversion of the aircraft to
39 the relevant lien date using the monthly United States Department
40 of Labor Producer Price Index for aircraft and a 16-year

1 straight-line percent-good table. In no event, however, shall the
2 percent-good applied to the improvements and adjusted conversion
3 costs be less than 15 percent.

4 (4) (A) Except as otherwise provided in subparagraph (B), the
5 assessor shall reduce the adjusted original cost, plus improvements,
6 and adjusted conversion costs, derived under paragraphs (1) to (3),
7 inclusive, by the obsolescence percentage adjustment calculated
8 for production freighters under subparagraph (D) of paragraph (1)
9 of subdivision (a).

10 (B) If the Airliner Price Guide “Used Price of Avg. Acft.
11 Wholesale” is utilized under paragraph (1), only the improvements
12 and adjusted conversion costs pertaining to the converted freighter
13 shall be reduced by the obsolescence percentage adjustment
14 described in subparagraph (A).

15 (c) For purposes of this section, if the Airliner Price Guide
16 ceases to be published or the format significantly changes, a guide
17 or adjustment agreed to by commercial air carriers and the counties
18 in which certificated aircraft have situs shall be substituted. If these
19 parties do not agree on a guide or adjustment, the State Board of
20 Equalization shall determine the guide or adjustment.

21 (d) The taxpayer shall, to the extent that information is
22 reasonably available to the taxpayer, furnish the county assessor
23 with an annual property statement that includes the aircraft original
24 costs as defined in subparagraph (A) of paragraph (1) of
25 subdivision (a). If an air carrier that has this information reasonably
26 available to it fails to report original cost and improvements, as
27 required by Sections 441 and 442, an assessor may in that case
28 make an appropriate assessment pursuant to Section 501.

29 (e) For purposes of this section, all of the following apply:

30 (1) “Converted freighter” means a certificated aircraft, as defined
31 in Section 1150, that, following its original manufacture, was used
32 for passenger transportation, but was later converted to be used
33 primarily for cargo transportation purposes.

34 (2) “Mainline jet” means a certificated aircraft, as defined in
35 Section 1150, that is either of the following:

36 (A) Manufactured by Boeing, Airbus, or McDonnell Douglas.

37 (B) Capable of being configured with approximately 100 seats
38 or more.

39 (3) “Production Freighter” means a certificated aircraft, as
40 defined in Section 1150, that immediately following its

1 manufacture is deployed primarily for cargo transportation
2 purposes.

3 (4) “Regional aircraft” means a certificated aircraft, as defined
4 in Section 1150, that is either of the following:

5 (A) Manufactured by ATR (Avions De Transport Regional),
6 Beech, British Aerospace Jetstream, Canadair Regional Jet, Cessna,
7 DeHaviland, Embraer, Fairchild, or Saab.

8 (B) Generally configured with fewer than 100 seats.

9 (5) “Improvements” means the cost of any modifications or
10 capital additions that materially add to the value of or substantially
11 prolong the useful life of the aircraft, or make it adaptable to a
12 different use. “Improvements” include modification costs incurred
13 during a heavy maintenance visit to the extent that they materially
14 add to the value of or substantially prolong the useful life of the
15 aircraft. “Improvements” do not include repair and maintenance
16 costs incurred for the purpose of keeping the aircraft in an
17 ordinarily efficient operating condition.

18 (6) “Net revenue per available seat mile” means operating
19 revenue per available seat mile less cost per available seat mile as
20 determined by the United States Department of Transportation.

21 (7) “Net load factor” means actual passenger load factor less
22 break-even passenger load factor, as determined by the United
23 States Department of Transportation.

24 (8) “Net revenue per available ton mile” means operating
25 revenue per ton mile less cost per available ton mile as determined
26 by the United States Department of Transportation.

27 (9) “Yield” means average revenue per revenue passenger mile
28 as determined by the United States Department of Transportation.

29 (10) “Ton Load Factor” means that percentage of effective use
30 of cargo capacity as determined by the United States Department
31 of Transportation.

32 (f) The amendments made by the act adding this subdivision
33 shall apply with respect to lien dates occurring on and after January
34 1, 2011.

35 *SEC. 2. Section 441 of the Revenue and Taxation Code is*
36 *amended to read:*

37 441. (a) Each person owning taxable personal property, other
38 than a manufactured home subject to Part 13 (commencing with
39 Section 5800), having an aggregate cost of one hundred thousand
40 dollars (\$100,000) or more for any assessment year shall file a

1 signed property statement with the assessor. Every person owning
2 personal property that does not require the filing of a property
3 statement or real property shall, upon request of the assessor, file
4 a signed property statement. Failure of the assessor to request or
5 secure the property statement does not render any assessment
6 invalid.

7 (b) The property statement shall be declared to be true under
8 the penalty of perjury and filed annually with the assessor between
9 the lien date and 5 p.m. on April 1. The penalty provided by Section
10 463 applies for property statements not filed by May 7. If May 7
11 falls on a Saturday, Sunday, or legal holiday, a property statement
12 that is mailed and postmarked on the next business day shall be
13 deemed to have been filed between the lien date and 5 p.m. on
14 May 7. If, on the dates specified in this subdivision, the county's
15 offices are closed for the entire day, that day is considered a legal
16 holiday for purposes of this section.

17 (c) The property statement may be filed with the assessor
18 through the United States mail, properly addressed with postage
19 prepaid. For purposes of determining the date upon which the
20 property statement is deemed filed with the assessor, the date of
21 postmark as affixed by the United States Postal Service, or the
22 date certified by a bona fide private courier service on the envelope
23 containing the application, shall control. This subdivision shall be
24 applicable to every taxing agency, including, but not limited to, a
25 chartered city and county, or chartered city.

26 (d) (1) At any time, as required by the assessor for assessment
27 purposes, every person shall make available for examination
28 information or records regarding his or her property or any other
29 personal property located on premises he or she owns or controls.
30 In this connection details of property acquisition transactions,
31 construction and development costs, rental income, and other data
32 relevant to the determination of an estimate of value are to be
33 considered as information essential to the proper discharge of the
34 assessor's duties.

35 (2) (A) This subdivision shall also apply to an owner-builder
36 or an owner-developer of new construction that is sold to a third
37 party, is constructed on behalf of a third party, or is constructed
38 for the purpose of selling that property to a third party.

39 (B) The owner-builder or owner-developer of new construction
40 described in subparagraph (A), shall, within 45 days of receipt of

1 a written request by the assessor for information or records, provide
2 the assessor with all information and records regarding that
3 property. The information and records provided to the assessor
4 shall include the total consideration provided either by the
5 purchaser or on behalf of the purchaser that was paid or provided
6 either, as part of or outside of the purchase agreement, including,
7 but not limited to, consideration paid or provided for the purchase
8 or acquisition of upgrades, additions, or for any other additional
9 or supplemental work performed or arranged for by the
10 owner-builder or owner-developer on behalf of the purchaser.

11 (e) In the case of a corporate owner of property, the property
12 statement shall be signed either by an officer of the corporation or
13 an employee or agent who has been designated in writing by the
14 board of directors to sign the statements on behalf of the
15 corporation.

16 (f) In the case of property owned by a bank or other financial
17 institution and leased to an entity other than a bank or other
18 financial institution, the property statement shall be submitted by
19 the owner bank or other financial institution.

20 (g) The assessor may refuse to accept any property statement
21 he or she determines to be in error.

22 (h) If a taxpayer fails to provide information to the assessor
23 pursuant to subdivision (d) and introduces any requested materials
24 or information at any assessment appeals board hearing, the
25 assessor may request and shall be granted a continuance for a
26 reasonable period of time. The continuance shall extend the
27 two-year period specified in subdivision (c) of Section 1604 for a
28 period of time equal to the period of the continuance.

29 (i) Notwithstanding any other provision of law, every person
30 required to file a property statement pursuant to this section shall
31 be permitted to amend that property statement until May 31 of the
32 year in which the property statement is due, for errors and
33 omissions not the result of willful intent to erroneously report. The
34 penalty authorized by Section 463 does not apply to an amended
35 statement received prior to May 31, provided the original statement
36 is not subject to penalty pursuant to subdivision (b). The amended
37 property statement shall otherwise conform to the requirements
38 of a property statement as provided in this article.

39 (j) This subdivision shall apply to the oil, gas, and mineral
40 extraction industry only. Any information that is necessary to file

1 a true, correct, and complete statement shall be made available by
2 the assessor, upon request, to the taxpayer by mail or at the office
3 of the assessor by February 28. For each business day beyond
4 February 28 that the information is unavailable, the filing deadline
5 in subdivision (b) shall be extended in that county by one business
6 day, for those statements affected by the delay. In no case shall
7 the filing deadline be extended beyond June 1 or the first business
8 day thereafter.

9 (k) The assessor may accept the filing of a property statement
10 by the use of electronic media. In lieu of the signature required by
11 subdivision (a) and the declaration under penalty of perjury
12 required by subdivision (b), property statements filed using
13 electronic media shall be authenticated pursuant to methods
14 specified by the assessor and approved by the board. Electronic
15 media includes, but is not limited to, computer modem, magnetic
16 media, optical disk, and facsimile machine.

17 (l) (1) After receiving the notice required by Section 1162, the
18 manager in control of a fleet of fractionally owned aircraft shall
19 file with the lead county assessor's office one signed property
20 statement for all of its aircraft that have acquired situs in the state,
21 as described in Section 1161.

22 (2) Flight data required to compute fractionally owned aircraft
23 allocation under Section 1161 shall be segregated by airport.

24 (m) (1) After receiving the notice required by paragraph (5) of
25 subdivision (b) of Section 1153.5, a commercial air carrier whose
26 certificated aircraft is subject to Article 6 (commencing with
27 Section 1150) of Chapter 5 shall file with the lead county assessor's
28 office designated under Section 1153.5 one signed property
29 statement for its personal property at all airport locations and
30 fixtures at all airport locations.

31 (2) Each commercial air carrier may file one schedule for all of
32 its certificated aircraft that have acquired situs in this state under
33 Section 1151.

34 (3) Flight data required to compute certificated aircraft allocation
35 under Section 1152 and subdivision (g) of Section 202 of Title 18
36 of the California Code of Regulations shall be segregated by airport
37 location.

38 (4) Beginning with the 2006 assessment year, a commercial air
39 carrier may file a statement described in this subdivision
40 electronically by means of the California Assessor's Standard Data

Record (SDR) network. If the SDR is not equipped to accept electronic filings for the 2006 assessment year, an air carrier may file a printed version of its property statement for that year with its lead county assessor's office.

(5) This subdivision shall remain operative only until December 31, ~~2016~~ 2019.

SEC. 3. Section 1153.5 of the Revenue and Taxation Code is amended to read:

1153.5. (a) The Aircraft Advisory Subcommittee of the California Assessors' Association shall, after soliciting input from commercial air carriers operating in the state, ~~do both~~ *all* of the following:

(1) On or before March 1, 2006, and on or before each March 1 thereafter, designate a lead county assessor's office for each commercial air carrier operating certificated aircraft in this state in that assessment year.

(2) Every third year thereafter, redesignate a lead county assessor's office for each of these air carriers, unless an air carrier and its existing lead county assessor's office concur to waive this redesignation.

(3) *On or before March 1, 2017, do both of the following:*

(A) *Designate two contacts in each lead county assessor's office for each of these carriers that will be available to address reporting issues and issues with the California Assessor's Standard Data Record network.*

(B) *Establish best practices for the effective administration of the lead county system, audit process, and methods to evaluate converted freighters.*

(b) The lead county assessor's office described in subdivision (a) shall do all of the following:

(1) Calculate, pursuant to Section 401.17, an unallocated value of the certificated aircraft of each commercial air carrier to which he or she is designated.

(2) Electronically transmit to the assessor of each county in which the property described in paragraph (1) has situs for the assessment year the values determined by the lead county assessor's office under paragraph (1).

(3) (A) Receive the property statement, as described in subdivision ~~(h)~~ (m) of Section 441, of each commercial air carrier to which he or she is designated. *The lead county assessor's office*

1 *shall transmit the property statement to the assessor of each county*
2 *in which the personal property of the commercial air carrier is*
3 *located or has acquired situs, including the property described in*
4 *paragraph (1).*

5 *(B) A county assessor that receives a property statement*
6 *pursuant to this section shall direct questions about the contents*
7 *of the property statement first to the lead county assessor's office*
8 *and then, if the lead county assessor's office is unable to provide*
9 *an answer, to the commercial air carrier that filed the property*
10 *statement.*

11 (4) Lead the audit team described in subdivision (d) when that
12 team is conducting an audit of a commercial air carrier to which
13 he or she is designated.

14 (5) Notify, in writing, each commercial air carrier for which he
15 or she has been designated of this designation on or before the first
16 March 15 that follows that designation.

17 (c) (1) Notwithstanding subdivision (b), the county assessor of
18 each county in which the personal property of a commercial air
19 carrier has situs for an assessment year is solely responsible for
20 assessing that property, applying the allocation formula set forth
21 in Section 1152, and enrolling the value of the property in that
22 county, but, in determining the unallocated fleet value for each
23 make, model, and series of certificated aircraft of a commercial
24 air carrier, the assessor may consult with the lead county assessor's
25 office designated for that commercial air carrier.

26 (2) The lead county assessor's office is subject to Section 322
27 of Title 18 of the California Code of Regulations and Sections
28 408, 451, and 1606 to the same extent as the assessor described in
29 paragraph (1).

30 (d) Notwithstanding Section 469, an audit of a commercial air
31 carrier shall be conducted once every four years on a centralized
32 basis by an audit team of auditor-appraisers from at least one, but
33 not more than three, counties, as determined by the Aircraft
34 Advisory Subcommittee of the California Assessors' Association.
35 An audit, so conducted, shall encompass all of the California
36 Personal Property and fixtures of the air carrier and is deemed to
37 be made on behalf of each county for which an audit would
38 otherwise be required under Section 469.

39 (e) This section shall remain in effect only until December 31,
40 ~~2016~~, 2019, and as of that date is repealed.

1 *SEC. 4. If the Commission on State Mandates determines that*
2 *this act contains costs mandated by the state, reimbursement to*
3 *local agencies and school districts for those costs shall be made*
4 *pursuant to Part 7 (commencing with Section 17500) of Division*
5 *4 of Title 2 of the Government Code.*

6 ~~SECTION 1. It is the intent of the Legislature to enact~~
7 ~~legislation to amend Sections 401.17, 441, and 1153.5 of the~~
8 ~~Revenue and Taxation Code, pertaining to the assessment of~~
9 ~~certificated aircraft for property taxation.~~